

RETIREMENT SYSTEM PARTICIPATION

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Raymond W. Short

AN ACT RELATING TO RETIREMENT; AUTHORIZING A WINDOW FOR CREDIT UNIONS OR PRIVATE HOSPITALS TO WITHDRAW FROM THE RETIREMENT SYSTEM; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

49-2-204, as last amended by Chapter 217, Laws of Utah 1991

49-3-204, as last amended by Chapter 157, Laws of Utah 1992

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-2-204** is amended to read:

49-2-204. Participation of political subdivisions -- Limitations -- Exclusions -- Organizations and agencies supported by public funds -- Admission requirements -- Withdrawal from system -- Full participation in system -- Exceptions -- Additional programs authorized -- Withdrawal.

(1) All political subdivisions of the state, unless excluded under Subsection (2), are participating employers in the system and may not withdraw from participation in the system. All departments and educational institutions are also participating employers in the system and may not withdraw from participation in the system. As participating employers, political subdivisions, departments, and educational institutions shall meet all requirements for full participation in the system.

(2) (a) Any political subdivision not initially admitted or included as a participating employer in the system prior to January 1, 1982, may be excluded from participation in the system if:

(i) the political subdivision elects not to provide or participate in any type of private or public retirement, supplemental or deferred income program, either directly or indirectly, for its employees, except for social security; or

(ii) the political subdivision participated in another collectively bargained retirement program and has continued to do so on an uninterrupted basis since that date.

(b) Any excluded political subdivision may by resolution of its governing body apply for and receive admission to the system. Once admitted, the political subdivision may not withdraw from participation and shall meet all requirements for full participation in the system. If an excluded political subdivision elects at any time to provide or participate in any type of public or private retirement, supplemental or deferred income program, either directly or indirectly, except for social security, the political subdivision shall be required to be a participating employer in the system. As a participating employer, the political subdivision may not withdraw from participation and shall meet all requirements for full participation in the system.

(3) (a) Any organization or agency supported in whole or in part by state public funds, which prior to application is not covered by this chapter, may by resolution of its governing body apply for admission to the system. The board may refuse admission to any organization or agency applying for admission upon a finding that it is not in the best interest of the participating employers and employees.

(b) Upon approval of the board, the organization or agency shall become a participant in the system if the board and the organization or agency agree upon:

(i) the terms by which its employees shall become members of the system, such as the effective date of coverage;

(ii) the amount of prior service credit with which they may be credited, if any;

(iii) the amount of any contributions in addition to regular contributions that will be required to provide any prior service credits or retroactive current service credits from either the employing unit or its employees; and

(iv) the manner in which retroactive current or prior service credits may be established, if any.

(c) Once admitted to the system, an organization or agency may not withdraw from participation, except as provided in Subsection (4), and shall meet all requirements for full participation in the system.

(d) An organization or agency supported in whole or in part by public funds may not apply

for or receive admission to the system after the effective date of this Subsection (3)(d).

(4) (a) An organization or agency admitted to the system pursuant to Subsection (3) which no longer receives public funds may withdraw from the system if:

(i) the organization or agency's governing body, by resolution, petitions the board for withdrawal from the system; and

(ii) the board approves the withdrawal.

(b) Once approval to withdraw is granted, the organization or agency and its employees shall be governed by Sections 49-1-502 and 49-1-503.

(5) Except as provided in Sections 49-2-205 and 49-2-206, no participating employer may maintain full participation in the system by covering only part of its employees. The full participation requirement is satisfied if a participating employer covers those of its employees eligible for coverage under:

(a) Title 49, Chapter 4, Public Safety Retirement Act; or

(b) Title 49, Chapter 5, Firefighters' Retirement Act and its remaining employees under either Title 49, Chapter 2, Public Employees' Retirement Act or Title 49, Chapter 3, Public Employees' Noncontributory Retirement Act, whichever is applicable.

(6) In addition to their participation in the system, participating employers may provide or participate in any additional public or private retirement, supplemental or deferred income program, either directly or indirectly, for their employees.

(7) (a) Credit unions or private hospitals which are participating units in any system administered by the board may withdraw from participation upon applying to the board. This application shall be made [~~by December 31, 1987~~] between July 1, 2000, and December 31, 2000. The withdrawal is effective the day after the last day the withdrawing unit pays retirement contributions on its employees' salaries.

(b) Once the withdrawal of the credit union or private hospital is complete, the employees of the withdrawing unit may apply to withdraw their vested contributions. Refunds shall then be paid in accordance with Subsection 49-1-502 (3).

(c) Under no circumstance may a withdrawing unit receive the employer contributions which

have been made to the system.

Section 2. Section **49-3-204** is amended to read:

49-3-204. Participation of political subdivisions -- Limitations -- Exclusions -- Organizations and agencies supported by public funds -- Admission requirements -- Withdrawal from system -- Full participation in system -- Exceptions -- Additional programs authorized -- Withdrawal.

(1) All political subdivisions of the state, unless excluded under Subsection (2), are participating employers in the system and may not withdraw from participation in the system. All departments and educational institutions are also participating employers in the system and may not withdraw from participation in the system. As participating employers, political subdivisions, departments, and educational institutions shall meet all requirements for full participation in the system.

(2) Any political subdivision not initially admitted or included as a participating employer in the system prior to January 1, 1982, may be excluded from participation in the system if the political subdivision elects not to provide or participate in any type of private or public retirement, supplemental or deferred income program, either directly or indirectly, for its employees, except for social security. Any excluded political subdivision may by resolution of its governing body apply for and receive admission to the system. Once admitted, the political subdivision may not withdraw from participation and shall meet all requirements for full participation in the system. If an excluded political subdivision elects at any time to provide or participate in any type of public or private retirement, supplemental or deferred income program, either directly or indirectly, except for social security, the political subdivision shall be required to be a participating employer in the system. As a participating employer, the political subdivision may not withdraw from participation and shall meet all requirements for full participation in the system.

(3) (a) Any organization or agency supported in whole or in part by state public funds, which prior to application is not covered by this chapter, may by resolution of its governing body apply for admission to the system. The board may refuse admission to any organization or agency applying for admission upon a finding that it is not in the best interest of the participating employers and

employees.

(b) Upon approval of the board, the organization or agency shall become a participant in the system if the board and the organization or agency agree upon:

(i) the terms by which its employees shall become members of the system, such as the effective date of coverage;

(ii) the amount of prior service credit with which they may be credited, if any;

(iii) the amount of any contributions in addition to regular contributions that will be required to provide any prior service credits or retroactive current service credits from either the employing unit or its employees; and

(iv) the manner in which retroactive current or prior service credits may be established, if any.

(c) Once admitted to the system, an organization or agency may not withdraw from participation, except as provided in Subsection (4), and shall meet all requirements for full participation in the system.

(d) An organization or agency supported in whole or in part by public funds may not apply for or receive admission to the system after July 1, 1991.

(4) (a) An organization or agency admitted to the system pursuant to Subsection (3) which no longer receives public funds may withdraw from the system if:

(i) the organization or agency's governing body by resolution petitions the board for withdrawal from the system; and

(ii) the board approves the withdrawal.

(b) Once approval to withdraw is granted, the organization or agency and its employees shall be governed by Sections 49-1-502 and 49-1-503.

(5) Except as provided in Sections 49-3-206 and 49-3-207, no participating employer may maintain full participation in the system by covering only part of its employees. The full participation requirement is satisfied if a participating employer covers those of its employees eligible for coverage under:

(a) Title 49, Chapter 4, Public Safety Retirement Act; or

(b) Title 49, Chapter 5, Firefighters' Retirement Act and its remaining employees under either

Title 49, Chapter 2, Public Employees' Retirement Act or Title 49, Chapter 3, Public Employees' Noncontributory Retirement Act, whichever is applicable.

(6) In addition to their participation in the system, participating employers may provide or participate in any additional public or private retirement, supplemental or deferred income program, either directly or indirectly, for their employees.

(7) (a) Credit unions or private hospitals which are participating units in any system administered by the board may withdraw from participation upon applying to the board. This application shall be made [~~by December 31, 1987~~] between July 1, 2000, and December 31, 2000. The withdrawal is effective the day after the last day the withdrawing unit pays retirement contributions on its employees' salaries.

(b) Once the withdrawal of the credit union or private hospital is complete, the employees of the withdrawing unit may apply to withdraw their vested contributions. Refunds shall then be paid in accordance with Subsection 49-1-502 (3).

(c) Under no circumstance may a withdrawing unit receive the employer contributions which have been made to the system.

Section 3. Effective date.

This act takes effect on July 1, 2000.